

## MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis is prepared as of May 23, 2006 and should be read in conjunction with the unaudited financial statements for the quarter ended March 31, 2006. Wescan Goldfields Inc. ("Wescan" or "the Company") prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are reported in Canadian dollars unless otherwise indicated.

### Overview

During the first quarter of 2006, Wescan expanded its uranium land holdings in the Athabasca Basin region of northern Saskatchewan, continued drilling on its Fork Lake gold property, and evaluated other potential opportunities to take advantage of improved base and precious metal prices.

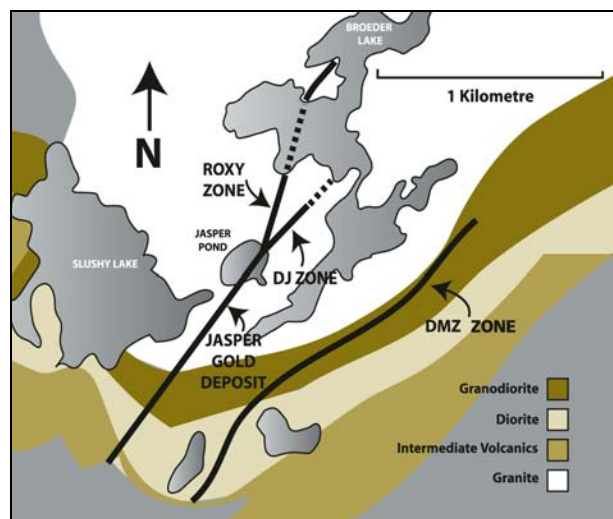
### Athabasca Basin Properties

In early 2006, Wescan acquired an additional 50% interest in five claims in the same area as the Company's previously acquired uranium interest in the Athabasca Basin region. These additions bring the total uranium land package in the area to 159,965 hectares. On May 8, 2006 the Company announced that the operator of these properties, Santoy Resources Inc. ("Santoy"), had completed or was about to complete airborne geophysics surveys on approximately 140,000 hectares of the total land package. The surveys that have been completed are currently being reviewed by Santoy's qualified person as defined under National Instrument 43-101. The surveys will provide focus for future exploration programs on these properties.

### Fork Lake Property

During the first quarter, the Company spent approximately \$1.0 million advancing its drill program on the Fork Lake gold property. The majority of the results related to this program were released on April 7, 2006. The Company was encouraged by the drilling thus far and announced on May 4, 2006 an additional 9,500 metre drill program. The focus of the program will be to continue to outline the Deep Jasper ("DJ") Zone to the north-east until it is determined that a sufficient resource is inferred to warrant an underground initiative. The JN Footwall and the JN East Zone (footwall zones of the DJ Zone), the Roxy Zone and certain targets of the Transect Zone

Fork Lake claim area



will also be evaluated further during this phase.

## Financial Highlights

Selected financial information of the Company for the quarters ended March 31, 2006 and 2005 is as follows:

	Three Months Ended March 31, 2006 \$	Three Months Ended March 31, 2005 \$
Revenues	52,475	12,867
Net income	146,716	249,754
Net income per share <sup>(1)</sup>	0.00	0.01
Total assets	8,604,890	3,265,240
Working capital	5,600,198	2,808,246

(1) Basic and diluted.

## Results of Operations for the quarter

For the quarter ended March 31, 2006, the Company recorded net income of \$146,716 (\$0.00 per share) compared to a net income of \$249,754 (\$0.01 per share) for the same period in 2005. Wescan is an exploration company that normally has operating deficits. However, for the quarters ended March 31, 2006 and 2005 the Company generated income due to income tax recoveries as the result of the Company having tax assets that offset the future income tax liabilities created upon the renunciation of flow-through expenditures to investors during the quarters.

### *Revenues*

The Company's sole source of income is the result of investing excess cash reserves in short-term deposits. For the quarter ending March 31, 2006, the Company reported interest revenue of \$52,475 as compared to \$12,867 for the quarter ending March 31, 2005. The \$52,475 in revenue in the first quarter of 2006 is the result of the Company having cash in excess of short-term operating and exploration requirements after the completion of the Initial Public Offering on October 7, 2004 and subsequent equity financings during 2004 and the first, third and fourth quarters of 2005.

### *Expenses*

Total operating costs for the quarter ended March 31, 2006 equaled \$152,759 compared to \$92,801 for the quarter ended March 31, 2005. This represents an increase of \$59,958 or 65% and is the result of increases in all categories of expenditures. Administration expense increased from \$62,779 in the first quarter of 2005 to \$93,655 for the quarter ended March 31, 2006. The \$30,876 increase is predominately related to increases in personnel costs during the first quarter of 2006 compared to 2005. Consulting fees were \$40,082 during the first quarter of 2006 compared to \$27,500 for the same period in 2005. The increase is predominately the result of due diligence procedures on certain mineral property opportunities that did not warrant further investigation and accordingly were expensed. Finally, professional fees increased from \$2,522 for the first quarter of 2005 to \$11,116 for the corresponding quarter in 2006. The increase in expense in the first quarter of 2006 was primarily related to legal fees associated with general corporate matters including services related to the Company's application for Tier 1 status on the TSX Venture Exchange.

## *Investing*

Mineral properties additions totaled \$1.2 million this quarter compared to \$81,163 for the quarter ended March 31, 2005. Approximately \$1.0 million of these costs relate to drilling on the Fork Lake gold property. The other \$0.2 million was incurred for the acquisition of an additional 50% interest in five uranium properties located in the Athabasca Basin region of northern Saskatchewan and expenses related to certain airborne geophysics surveys on the Company's uranium properties.

## *Financing*

During the quarter ended March 31, 2006, the Company issued an additional 2,299,174 common shares from the exercise of warrants, broker warrants and options for gross proceeds of \$825,228.

## **Summary of Quarterly Results**

	2006	2005				2004		
	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$
Revenues <sup>(1)</sup>	52,475	44,979	21,765	15,474	12,867	7,629	-	-
Net income (loss) <sup>(2)</sup>	146,716	(85,843)	(69,568)	(179,834)	249,754	(142,914)	49,228	(91,433)
Net income (loss)/share <sup>(3)</sup>	0.00	(0.00)	(0.00)	(0.01)	0.01	(0.01)	0.01	(0.02)
Capital expenditures <sup>(4)</sup>	1,225,172	523,911	378,637	232,967	81,163	16,682	-	271,063
Shares outstanding <sup>(5)</sup>	49,101,638	46,802,464	44,663,357	34,524,493	34,324,493	31,074,493	12,000,100	12,000,100

- (1) The Company's revenues come from interest earned on cash balances as well as administration fees for acting as operator on certain joint ventures. The increase in revenue is primarily related to interest from the cash proceeds from equity offerings during 2004 and the first, third and fourth quarters of 2005; the proceeds of which have been invested in short-term instruments intended to maximize return while being readily available for ongoing operational and exploration activities.
- (2) The loss in the second quarter of 2004 predominately related to consulting and professional fees associated with the Initial Public Offering of the Company that were reclassified in the 3<sup>rd</sup> quarter of 2004 to deferred share issue costs. This reclassification is the reason for the Company reporting income in the 3<sup>rd</sup> quarter of 2004. The larger losses in the second quarter of 2005 and the fourth quarter of 2004 resulted from both the fair-value of stock options granted during the quarters as well as increased administration fees associated with being a public company. Finally, first quarter income reported in 2005 and 2006 is predominately related to the income tax recovery as the result of the Company having unrecorded loss carryforwards and tax pools in excess of the future income tax liabilities created upon the renunciation of flow-through expenditures to investors during the respective quarters.
- (3) Basic and diluted.
- (4) Capital expenditures in the second quarter of 2004 related to the acquisition of a portfolio of gold properties from Shore Gold Inc. in exchange for 12,000,000 shares of the Company. The additions in the first quarter of 2005 predominately related to the acquisition of a 50% interest in 7 uranium properties located in the Athabasca Basin region of northern Saskatchewan. The additions in the last 3 quarters of 2005 and the 1<sup>st</sup> quarter of 2006 are primarily due to exploratory drill programs at the Fork Lake property. The 1<sup>st</sup> quarter of 2006 also had expenditures related to the acquisition of a 50% interest in 5 additional uranium properties located in the same proximity of the properties acquired during 2005 as well as airborne geophysics survey costs related to the uranium claims.
- (5) In the second quarter of 2004, the Company issued 12,000,000 shares in exchange for a portfolio of gold properties. The Initial Public Offering of the Company was closed in the fourth quarter of 2004 and resulted in the issue of an additional 14,000,000 common shares. Private placements in late 2004 and in the first, third and fourth quarters of 2005 as well as the exercise of warrants, broker warrants and options resulted in the remaining changes to the common shares issued and outstanding.

## **Liquidity**

The Company does not currently operate any producing properties and as such, is dependent upon the issuance of new equity to finance its ongoing obligations and advance its exploration properties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company's working capital is sufficient to cover all currently contemplated exploration programs for the Company's properties. Until the Company's surplus cash is required to fund exploration or development activities it is being invested in relatively risk-free, short-term instruments with maturities not exceeding three months.

## **Capital Resources**

As at March 31, 2006, the Company has working capital of \$5.6 million as compared to \$6.1 million at December 31, 2005. As at May 23, 2006, the Company had issued and outstanding a total of 49,620,338 common shares, 1,934,804 warrants, 342,000 broker warrants and 2,850,000 options. In the event all warrants, broker warrants and options were exercised, the Company would be required to issue a further 5,127,705 common shares for gross proceeds of \$2.6 million.

The Company currently does not have any contractual obligations, other than flow-through spending obligations, which require the Company to spend \$2.5 million in qualifying exploration expenditures by the end of 2006.

## **Accounting Estimates**

A summary of the Company's significant accounting policies is contained in Note 2 of the audited financial statements for the years ended December 31, 2005 and 2004. The critical accounting estimate in determining the Company's financial results relates to the recoverability of the carried amounts of mineral properties. Management periodically assesses carrying values of non-producing properties. As at March 31, 2006, the Company has not yet determined whether any of its mineral properties contain economically recoverable reserves.

## **Related Party Transactions**

During the quarter, management and consulting fees of \$28,750 (2005 - \$28,400) were paid to directors, officers and companies controlled by common directors; \$28,750 (2005-\$27,500) of these fees was included as consulting fees and \$0 (2005-\$900) was included as administration expense.

During the quarter, the Company was charged \$97,322 (2005 - \$9,000) from Shore Gold Inc. for management services, office space and equipment leases.

As at March 31, 2006 Shore Gold Inc. holds 8,474,086 common shares of the Company representing a 17.3% (2005 - 24.7%) interest in the Company.

The above transactions were in the normal course of operations and are measured at an amount agreed to by the related parties.

### **Disclosure Controls and Procedures**

Disclosure controls and procedures, as defined by Multilateral Instrument 52-109, were evaluated by the Chief Executive Officer and Chief Financial Officer as at the end of March 31, 2006 and they have determined that such disclosure controls and procedures were effective.

### **Outlook**

As at May 23, 2006, the Company had \$5.4 million in cash and cash equivalents that will partially be used to complete future drill programs on the Fork Lake gold property as well as fund its 50% share of future airborne surveys on the Company's recently acquired uranium interests. The Company will spend a minimum of \$2.5 million on exploration programs on the Company's gold and uranium properties during 2006 to fulfill its flow-through expenditure requirements. Surplus cash will be used for future drill programs, general corporate matters and other opportunities as they may arise.

### **Caution regarding Forward-looking Information**

From time to time, Wescan makes written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Ontario Securities Act. Wescan may make such statements in this MD&A, in other filings with Canadian regulators, in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to Wescan's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding Wescan's future operations, future exploration and development activities or other development plans contain forward-looking statements.

All forward-looking statements and information are based on Wescan's current beliefs as well as assumptions made by and information currently available to Wescan concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, developments in world gold markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Wescan or its joint venture partners; the effects of competition in the markets in which Wescan operates; the impact of changes in the laws and regulations regulating mining exploration and development; judicial or regulatory judgments and legal proceedings; operational and infrastructure risks and the additional risks described in Wescan's most recently filed annual and interim MD&A and Wescan's anticipation of and success in managing the foregoing risks.

Wescan cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Wescan, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Wescan does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by Wescan or on our behalf.

Further information relating to the Company has been filed on SEDAR and may be viewed at [www.sedar.com](http://www.sedar.com).